

Dove's Markets owner faces 56-count indictment

By Michael Morris 4-11-89
Deseret News staff writer

PROVO — Deon Dove, owner of Dove's Happy Service Markets with headquarters in Springville, doesn't have a lot to smile about this week.

Dove, who filed for Chapter 7 bankruptcy in February, now faces a 56-count criminal indictment alleging he owes the state more than \$5 million in taxes unpaid between 1983 and 1988.

The Utah County attorney's office has charged Dove with 16 counts of failure to pay sales tax, 15 counts of misuse of public money, 13 counts of filing fraudulent tax returns, seven counts of

tax evasion, two counts of communications fraud and one count each of theft by deception, forgery and racketeering.

Most of the counts are second- and third-degree felonies. Third-degree felonies are punishable by fines up to \$5,000 and prison terms up to five years, while second-degree felonies can mean fines of \$10,000 and up to 15 years in prison.

"This is the largest case done in our office from a financial standpoint," said Utah County Attorney Steve Killpack.

He said the alleged criminal conduct is not a result of a slow economy or poor business choices. Rather, the charges allege "a classical case of criminal conduct and

a preconceived criminal scheme. It was planned and executed."

The charges, filed in Provo's 4th Circuit Court, follow a four-month investigation involving the county's attorney's office, State Tax Commission and state attorney general's office in Salt Lake City. The investigation centered on determining whether \$5 million in sales tax owed by the bankrupt store chain was the result of criminal conduct.

Dove, who apparently has left the state, was unavailable for comment. Killpack said a warrant has been issued for his arrest.

"His whereabouts are unknown," Killpack said after his office contacted the firm of How-

ard, Lewis & Peterson, which was representing Dove. "They said they no longer represent him."

Dove's Happy Service Markets, a chain of 10 Utah grocery stores, has accrued more than \$20 million in debt the past several years. Dove filed for Chapter 11 reorganization two years ago, but continued running seven stores in an effort to make enough money to pay off creditors.

The chain was losing so much money, however, that its remaining assets were being depleted. In January, Dove filed Chapter 7, which is a liquidation procedure in which assets are sold to pay off creditors.

The State Tax Commission has staked a claim for \$7 million —

the unpaid \$5 million in back taxes and \$2 million more in penalties and interest. Dove also allegedly owes the federal government \$70,000 in back taxes.

According to a court-appointed trustee for Dove's estate, Dove's total debt is about \$22 million. Two years ago, Dove listed his assets at \$20 million. Most of that amount, however, is being claimed by secured creditors, leaving little for the State Tax Commission.

"The likelihood of recovering any money is minimal at best," Killpack said.

He said his office's economic crime unit, formed two years ago, has been busy working on several similar cases.

Dove's Property To Go on Block To Pay Debtors

19 Apr 1989

Some \$1,700,000 obtained from the liquidation of merchandise at the bankrupt Dove's Happy Service Markets will be paid to American Savings and Fleming Foods West, Inc., according to a notice from R. Kimball Mosier, Salt Lake City attorney, who is trustee in the bankruptcy case.

The action is part of a settlement involved in the closing of the 10 stores of the company earlier this year.

The notice also stated that the personal property and fixtures of Dove's Provo store, which was pledged as collateral for a debt owed Fleming Foods, will be offered for sale on May 12 at 10 a.m. at Mr.

Mosier's Office, Suite 520 Judge Building, 8 East Broadway, Salt Lake City.

In addition, the personal property and fixtures of the other Dove's stores, which were pledged as collateral to a secured debt owed Transamerica Commercial Finance Corp., will be offered that same day.

Mosier said some \$1,810,211.40 was realized from the inventory of the Dove's stores, but "the proceeds from the liquidation of debtor's inventory are insufficient to satisfy, in full, the claims of American and Fleming."

Mosier also said there are no funds available to distribute to ju-

nior secured creditors.

Mosier said plans are to pay to American and Fleming, when available, additional cash collateral belonging to them, "that may or may not constitute liquidation proceeds."

Mosier said that creditors with "valid perfected liens on the equipment are entitled to credit bid at the auction." He added that secured creditors are not required to bid all or any part of their claims.

Inspection of the property and information regarding it may be obtained by contacting Mr. Mosier at 531-8222.

City Joins Effort To Recover Tax Money From Dove's

26 Apr 1989

A resolution to recover the sales tax money owed by Dove's Happy Service Markets and change procedures to prevent similar future losses, which was adopted by the Utah League of Cities and Towns, was also signed by the mayors of the towns in which the markets were located, including Heber City Mayor Gordon Mendenhall.

Mayor Mendenhall reported he met last week in Gunnison with representatives of the towns in which Deon Dove had opened stores: Delta, Provo, Spanish Fork, Gunnison, Richfield, Kanab, Springville, Mt. Pleasant, and Roosevelt.

According to Mendenhall, Heber City's share of the sales tax revenue Dove hasn't paid the state is about \$120,000. Dove filed a Chapter 11 reorganization bankruptcy, several months ago, which was converted to a Chapter 7. The State's claim for \$5.2 million, plus a penalty, is unsecured, but it is a priority debt after the secured creditors are satisfied, he explained. He said further that Dove operated his stores as a

sole proprietor, rather than incorporating, making his personal property available to settle claims.

The resolution urged that "the appropriate legislative interim committee investigate and review Utah statutes...pertaining to the collection and distribution of sales tax to the cities and towns."

The resolution made the following points:

- The Utah State Tax Commission is required to collect and administer use and sales taxes for each city and towns.

- Events between 1982 and 1989 demonstrate a need for the Legislature to examine all state tax statutes, regulations and policies, and take whatever steps are necessary to assure prompt payment and distribution of sales and use taxes.

- The cities and towns suffered substantial loss because of those events, and had to cut budgeted services as a result;

- There is good cause for the Legislature to consider appropriating enough funds to replace the

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Dove's...

Continued from Page 1A
communities' losses that resulted from the tax commission's handling of the Dove account;

- It would be useful to review and assess the performance of the commission and its employees' and their past compliance with Utah Statutes and Commission regulations in handling the Dove delinquency problem between 1982 and 1985.

- Mendenhall pointed out that local business and utilities also lost money when Dove filed bankruptcy.

Dove's stores property to be auctioned

SALT LAKE CITY (AP) — The trustee for bankrupt grocery chain owner Deon Dove, who faces charges of tax evasion and theft by deception and forgery, plans to auction off property from six of the chain's stores.

Trustee R. Kimball Mosier announced the auction will take place at 10 a.m. Friday at his offices in Salt Lake City.

Proceeds from the auction will be used to satisfy debts owing to TransAmerica Commercial Finance Corp., a priority creditor in the Chapter 7 bankruptcy that purports more than \$20 million in debts.

The Utah State Tax Commission claims Dove owes the state more than \$5 million in unpaid taxes over the past five years,

but the state is not a priority creditor.

State officials have said they doubt the state, and the 10 cities where Dove's Happy Service Markets were located, will see any of the owed sales tax money because they have to wait in line behind the priority creditors for payment upon liquidation of the grocery chain assets.

The auction Friday includes property from Dove's Happy Service Markets in Delta, Spanish Fork, Richfield, Springville, Mount Pleasant and Kanab as well as the company headquarters in Springville.

"The personal property and fixtures will be sold at auction to the highest bidder and terms of the sale are all cash," Mo-

sier said.

A partial list of the items to be auctioned off includes produce and food cases, freezers, frozen food cases, rear load dairies, door coolers, bakery cases, shelving, electric ovens, work tables, bakery mix-

ing bowls, meat saws, runner carts, ice machines, cash registers, stock trucks, and miscellaneous meat, produce and bakery equipment.



Dove pleads innocent to 56 felony charges

11-9-89

By JOSEPHINE ZIMMERMAN

Herald Staff Writer

Deon Dove, 52, Springville grocer charged with 56 felony counts, appeared in 4th District Court today to enter a plea of innocent to all counts.

The charges against Dove include failure to pay sales tax, filing false tax returns, misuse of public money, tax evasion, communications fraud, pattern of unlawful activity, theft by deception and forgery. He is accused of defrauding various victims of more than \$6 million since 1983, including \$5.2 million in unpaid sales tax.

Deputy County Attorney Craig Madsen said attempts were made to enter into a plea bargain but Dove decided he wanted to go to trial on the charges.

Fourth District Judge Boyd L. Park set the jury trial for Dec. 19-21. Dove is at liberty on his own recognizance until that time.

Dove first appeared in circuit

court in April. His attorney Thomas Means, a public defender, argued today that his client was entitled to a speedy trial. Madsen said Dove had already had 60 days beyond the time when he was supposed to appear.

Judge Park said a defendant is entitled to a speedy trial within 30 days unless he waives the time or unless the judge's calendar is so full that he cannot find time for the trial. Park said his calendar of criminal cases will not allow him to set a three-day trial during November. The earliest period when he could find three days for the trial would be in December.

Dove was the owner of 10 grocery stores in Springville, Provo, Spanish Fork, Heber City, Kanab, Delta, Roosevelt, Richfield and Mt. Pleasant. He filed for Chapter 11 bankruptcy, but the bankruptcy court declared his business to be insolvent. The properties subsequently were sold at auction.

UTAH POLICE/COURTS

Owner of bankrupt markets backs out of plea bargain

11-11-89

PROVO — Deon Dove, owner of the bankrupt Dove's Happy Service Markets, has backed out of plea negotiations and pleaded not guilty to a 56-count criminal indictment accusing him of bilking the state out of more than \$5 million in unpaid sales tax.

Dove, who in July requested three months to get his affairs in order in preparation for a guilty plea to a portion of the charges, pleaded not guilty Thursday during arraignment before 4th District Judge Boyd L. Park. He will be tried Dec. 19-21.

Dove is charged with 16 counts of failure to pay sales tax, 15 counts of misuse of public money, 13 counts of filing fraudulent tax returns, seven counts of tax evasion, two counts of communications fraud and one count each of theft by deception, forgery and racketeering. The charges stem from the operation of Dove's 10 Utah grocery stores, which accrued more than \$20 million in debt the past several years.

Deputy Utah County Attorney Craig Madsen said his office had attempted to reach a plea bargain with the defendant.

"All I can tell you is he (Dove) just chose to take the matter to trial," said public defender Thomas Means when questioned about his client's apparent change of heart. "But I'm not surprised he's not going for a plea bargain."

However, Means said, he plans to discuss the matter further with Dove.

Dove filed for Chapter 11 reorganization two years ago, but continued running seven stores in an effort to make enough money to pay off creditors, whom he still owes substantial sums. In February, Dove filed Chapter 7 bankruptcy, which is a liquidation process to pay off creditors.

9 cities seek back taxes from Happy Service

1-16-90
By JOSEPHINE ZIMMERMAN
Herald Staff Writer

Representatives of nine Utah cities which once had Happy Service markets have filed claims with the Utah Board of Examiners for back sales taxes.

Thorpe Waddingham, Delta city attorney, has led the campaign to recover taxes due the cities.

The cities charge that they were entitled to the sales tax revenues that the state failed to collect from the markets operated by Springville grocer Deon Dove.

Representatives of the cities have been meeting at regular intervals to plan their strategy.

Springville Mayor Kenneth Creer

pointed out recently that the state of Utah collects sales taxes and will not allow the cities to monitor or audit the businesses in their communities.

The State Tax Commission failed to collect sales taxes from Deon Dove's Happy Service markets for a three-year period, so the cities have been shorted in the revenues that should have come to them, he said.

Dove has been charged with 56 different criminal counts and will go on trial Jan. 23-24 in the 4th District Courts before Judge Boyd L. Park. The charges include failure to pay state sales tax, filing false tax returns, misuse of public mon-

ey, tax evasion, communications fraud, pattern of unlawful activity, theft by deception and forgery.

He is accused of defrauding various victims of more than \$6 million since 1983, including \$5.2 million in unpaid sales taxes.

Dove was the owner of 10 grocery stores in Springville (2), Provo, Spanish Fork, Heber City, Kanab, Delta, Roosevelt, Richfield and Mt. Pleasant.

He filed for Chapter 11 bankrupt-

cy, but the bankruptcy court declared his business to be insolvent. Most of the properties subsequently were sold at auction.

Dove remains at liberty on his own recognizance until the time of trial.

The State Tax Commission filed a priority claim in Dove's bankruptcy in the amount of \$6,767,713, including back taxes and interest. Also filed was an unsecured claim for penalties in the amount of \$528,180.

Stewart's buys former Dove's Store

ROOSEVELT — Stewart's Thriftway, a full-service grocery store, has purchased the building that formerly was Dove's Store on west U.S. 40 in a \$1.2 million project arranged through Deseret Certified Development Co.

The new location gives Stewart's more than twice the space of the old store and allowed the company to expand every line of grocery items and increase space for non-food products.

The new 38,000-square-foot store has a deli with hot and cold foods, a bakery where bakery goods are baked in the store, a video store and a gourmet food section. The company hired 15 employees to handle the increased

business at the new location, bringing to 65 the number of store employees.

Percy and Erma Stewart started the business 21 years ago, and their sons, Mark and Percy Jr., now operate it.

Deseret Certified Development Co. is the authorized distributor of Small Business Administration 504 loans in Utah and assists small-business owners in obtaining financing for expansion and start-up costs. Additional funding for the project was provided by Zions First National Bank, and Associated Foods assisted with interim financing.

State missed out on \$7.6 million in Dove case

By JOSEPHINE ZIMMERMAN
Herald Staff Writer

Utah Attorney General Paul Van Dam said Monday that one case, the Deon Dove bankruptcy, proves his point that his office is so underfunded and understaffed that it does not have the manpower to pursue important cases.

The State Tax Commission revealed Monday that the back taxes, penalty and interest represented \$7,613,877 in the bankruptcy case of

Dove's Happy Service Markets.

"This illustrates my point very well. Here you have a man who had both criminal and civil problems that the attorney general's office should have been able to handle.

Dove's failure to pay state sales taxes occurred before Van Dam took office, but he said the previous administration was equally underfunded and understaffed.

After he took office, he said, the Dove case came before his office,

but they had to turn it back to the Utah County Attorney to prosecute "because we didn't have the staff to do it."

"It's a case I would like to have handled," he said.

Van Dam pointed out that there are other cases, some of lesser size and some larger than the Dove case that should be pursued, but his office staff is spread very thin and overwhelmed with the caseload each attorney has to handle.

Van Dam told The Herald Friday that there is \$100 million in unpaid taxes, bankruptcy claims and other funds due the state that are going uncollected for want of attorneys to go after them.

With adequate funding, he said, cases such as Dove's could be dealt with quickly and efficiently.

Deon Dove surrenders to police

By TOM WALTON
Herald Staff Writer

The former owner and operator of a bankrupt grocery store chain charged with defrauding various victims of more than \$6 million surrendered to the Utah County Attorney's Office today.

Deon N. Dove, 52, Springville, subsequently made his initial appearance in Provo's 4th Circuit Court, where he faces 55 felony counts and one misdemeanor count.

Judge John C. Backlund appointed a public defender to represent Dove. Since the defendant did not have a lawyer with him in court, Backlund continued the proceeding until April 25.

The judge released Dove on his own recognizance after he gave the court an address where he can be reached in Nevada. Backlund ordered Dove not to leave either Utah or Nevada without first notifying the court.

Utah County Attorney Steven Killpack announced during a news conference Tuesday that Dove failed to pay the state \$5.2 million in sales tax.

Communities where the 10 Dove's Happy Service Markets were located — Springville, Provo, Spanish Fork, Heber City, Kanab, Delta, Roosevelt, Richfield and Mt. Pleasant — are owed about \$500,000 of that tax liability.

While the bulk of the charges against Dove are tax related, he is also accused of racketeering, theft by deception, communications fraud and forgery.

In November, the Dove chain filed Chapter 11 reorganization bankruptcy. A few weeks later, that was changed to Chapter 7 liquidation bankruptcy.

Grocer Dove pleads guilty to 8 felonies

6-1-90

By KAYLENE NELSEN
Herald Senior Reporter

The on-again, off-again plea bargain for Deon Dove was on again today and the Springville grocer pleaded guilty to eight counts.

Dove, 54, who appeared before Judge Boyd L. Park, was to have a jury trial beginning June 19. He had twice planned to change his innocent plea in a plea bargaining but backed out both times.

The charges he pleaded guilty to this morning included five, second-degree felonies and three, third-degree felonies. The second-degree

felonies carry jail terms of one to 15 years and a possible \$10,000 fine for each count. The third-degree felonies carry up to five years in jail and a \$5,000 fines for each count.

Originally Dove faced 56 counts. The eight counts he pleaded to this morning included: pattern of unlawful activity, a second-degree felony; theft by deception, second-degree felony; communications fraud, second-degree felony; failure to pay sales tax, three third-degree felonies; tax evasion, two second-degree felonies.

Deputy County Attorney Craig Madsen said the first count was a combination of several independent counts. He said the theft count stems from overcharging and over-billing and the communications fraud from altering inventory and financial statements to obtain financing.

The tax charges involve not paying all the taxes due in 1984 through 1988, amounting to \$5.2 million.

Park ordered Dove to appear for sentencing July 20 at 8 a.m. He was also ordered to contact Adult Probation and Parole for a pre-sen-

tence report.

Dove's attorney, Kent Willis, asked that sentencing be set back to July 20 because Dove is working for his son-in-law in Logandale, Nev., and getting the pre-sentence report completed would be difficult in light of the travel involved.

Dove operated 11 Happy Service markets in nine Utah cities. He had filed for Chapter 11 bankruptcy but the bankruptcy court declared his business to be insolvent. Most of the properties were then sold at auction.

Ex-grocer pleads guilty to 8 tax-related charges

■ **Felonies:** Store owner is accused of bilking state out of more than \$5 million in unpaid taxes.

By Michael Morris
Deseret News staff writer

6-3-90

PROVO — Former grocery store magnate Deon Dove, scheduled for trial June 19-21 after backing out of two previous plea agreements, has pleaded guilty to eight tax-related charges.

Dove entered guilty pleas Friday before 4th District Judge Boyd L. Park to five second-degree felonies and three third-degree felonies in connection with allegations that he bilked the state out of more than \$5 million in unpaid sales tax. He is scheduled to be sentenced July 20.

Dove, owner of 10 bankrupt Dove's Happy Service Markets, was to be tried in January on 56 criminal counts. Prosecutors, however, requested more time to prepare their case.

The June 19-21 trial date, Dove's third, was to be vacated in April following Dove's scheduled guilty plea April 13. Fourth District Judge Boyd L. Park, however, stuck to that date after Dove's attorney, Kent Willis, said his client had changed his mind.

Dove apparently changed his mind again last week. He pleaded guilty Friday to racketeering, theft by deception, communications fraud and two counts of tax evasion — all second-degree felonies. In addition, he pleaded guilty to three counts of failure to pay sales tax, third-degree felonies.

Before Dove's original trial date in December, he had agreed to plead guilty to 12 counts in exchange for dismissal of the other counts, but later backed out of plea negotiations.

Dove moved from Springville to Logandale, Nev., early last year before being charged in April 1989. He works in a Logandale grocery store reportedly owned by his son-in-law.

No sentencing until Aug. 13 for ex-grocery store owner

By Michael Morris
Deseret News staff writer

7-23-90

PROVO — Former grocery store magnate Deon Dove, scheduled for sentencing Friday on eight tax-related counts, will have to wait until Aug. 13 before he knows whether he'll be going to prison.

Fourth District Judge Boyd L. Park delayed sentencing at the request of defense attorney Kent Willes. Willes, apparently unhappy with the recommendations of a presentence report prepared by Adult Probation and Parole, asked Park to grant the defendant a sentencing hearing prior to issuing judgment.

"I want it heard as quickly as possible," Park told Willes.

Last month Dove entered guilty pleas to five second-degree felonies and three third-degree felonies in connection with allegations that he bilked the state out of more than \$5 million in sales tax. He faces prison sentences of up to 15 years on the second-degree felonies and up to five years on the third-degree felonies, in addition to substantial fines.

Dove, owner of the bankrupt Dove's Happy Service Markets, entered the pleas in exchange for the dropping of an additional 48 counts against him. According to the Utah Tax Commission, back taxes, penalty and interest in the case total \$7.6 million.

Dove filed for Chapter 11 reorganization bankruptcy in 1987 but continued running seven stores in an effort to make enough money to pay off creditors. Last year, he filed for Chapter 7 bankruptcy, which is a liquidation process to raise money for creditors.